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April 8, 2010

*Via First Class Mail and Electronic Mail*

Tim Nord  
Land and Aquatics Cleanup Section  
Toxics Cleanup Program  
Washington Department of Ecology  
PO Box 47600  
Olympia, Washington 98504-7600

**Re: Old Bremerton Gasworks and Sesko Property Facility  
CNGC Response to PLP Notice Letter**

Dear Tim:

We are writing in response to your letter of March 5, 2010, proposing to find Cascade Natural Gas Corporation (“Cascade”) potentially liable under the Washington Model Toxics Control Act (“MTCA”) for releases of hazardous substances at the Old Bremerton Gasworks and Sesko Property Facility (the “Site”). Cascade accepts Ecology’s designation of Cascade as a “potentially liable person” under MTCA without admitting any liability or responsibility for any contamination that may be present at the Site. The remainder of this letter sets forth Cascade’s comments in response to the factual information contained in your letter.

1. Your letter is addressed to Cascade Natural Gas *Company*. We recognize you meant to address the letter to Cascade Natural Gas *Corporation*.
2. The tax parcel identification number listed for the Sesko property is incorrect. The Site consists of three tax parcels: 3711-000-001-0409 (“North McConkey Property”), 3711-000-001-0607 (“South McConkey Property”), and 3741-000-022-0101 (“Sesko Property”).
3. There are no addresses associated with the Sesko Property or the North McConkey Property, which is where the former gasworks plant was primarily located. The

South McConkey Property is listed under multiple addresses: 1723, 1725, and 1727 Pennsylvania Avenue.

4. In Paragraph 1, you state Cascade owned and operated the gasworks plant from 1953 until the late 1960s or early 1970s. To clarify, Cascade owned a portion of the Site (primarily the North McConkey Property) from approximately 1953 to 1972, but only manufactured gas at the Site from 1953 until sometime between 1955 and 1958, when gas manufacturing operations were terminated. Thereafter, Cascade used the gasworks plant to distribute propane until 1963, when natural gas was brought to the area.
5. In Paragraph 2, you state the gasworks plant was operated by two other companies (Western Gas Company and Bremerton Gas Company) until 1953, when several local companies merged and formed Cascade. To clarify, The Western Gas Company of Washington ("WGC") operated the gasworks plant from the early 1930s until 1952. In 1952, Bremerton Gas Company ("BGC") purchased some, but not all of the assets of WGC, including the gasworks property, and the buildings, machinery and fixtures located on the gasworks property. BGC operated the gasworks plant for approximately one year, before merging with Cascade in 1953. Because BGC acquired the gasworks plant through a purchase of WGC's assets, but the two entities did not merge, BGC did not assume WGC's liabilities when it acquired the gasworks plant in 1952. Therefore, Cascade did not assume WGC's liabilities when it merged with BGC in 1953, and Cascade is not liable for any contamination attributable to WGC.
6. Also in Paragraph 2 you state:

[R]eports indicate that [WGC's] waste disposal practices included dumping of tar-laden wood, tar-covered excelsior and soot from the water gas machine to fill a gully at the edge of the plant; dumping of tar emulsion in shallow pits dug at random on the grounds; discharge of effluent (a mixture of water, tar and oil) into the Port Washington Bay through a pipe; and other inappropriate handling of the gasification waste. Ecology believes that similar waste-handling practices were continued by [Cascade] until it ceased its operation in late 1960s or early 1970s.

First, for the reasons discussed above, Cascade is not liable for WGC's operations at the Site. Second, Cascade ceased producing manufactured gas at the Site sometime between 1955 and 1958. Third, there is no evidence Cascade's waste handling practices in the late 1950s were similar to WGC's waste handling practices in the 1930s and 1940s. Fourth, the waste handling practices of WGC were not inappropriate when judged by the industry standards and laws in effect at that time.

April 8, 2010

Page 3

7. In Paragraphs 4(b) and 4(c) you summarize the range of concentrations of various hazardous substances found in soil and groundwater at the Site, and note that all listed concentrations exceed MTCA Method A and/or B cleanup levels. While the maximum concentrations within each range generally exceed MTCA Method A and/or B cleanup levels, many of the detections on the lower end of each range do not exceed the identified cleanup levels. Further, the maximum concentration of ethylbenzene detected in groundwater (322 ug/l) does not exceed identified cleanup levels.
8. The concentrations of metals in groundwater listed in Paragraph 4(c) should not be considered representative of Site conditions. This data was collected from unfiltered grab samples, and metals concentrations in those samples appear to have been highly biased from turbidity. The concentration of metals in groundwater at the Site is more accurately represented by the data collected by GeoEngineers in 2007 from the seven permanent monitoring wells at the Site. The monitoring well data revealed maximum concentrations of arsenic at 26 ug/l, maximum concentrations of lead at 21.8 ug/l, and maximum concentration of chromium at 228 ug/l. GeoEngineers did not analyze barium concentrations in the water collected from the monitoring wells.
9. In Paragraph 4(d), you state the five intertidal sediment samples collected by EPA in 2008 "show elevated levels of a number of PAHs." However, these samples were not analyzed for organic carbon, which is a prerequisite for comparison to Sediment Management Standards. As a result, this data cannot be considered representative of PAH concentrations in sediments at the Site.
10. The PLP notification letters you sent to Natasha Sesko and Paul McConkey contain many of the same factual statements as your letter to Cascade. Accordingly, the preceding comments apply equally to those letters.

Please do not hesitate to contact me if you want to discuss any of the preceding comments.

Sincerely,

TUPPER MACK BROWER PLLC



FOR HOWARD JENSEN

HOWARD F. JENSEN

cc: Client